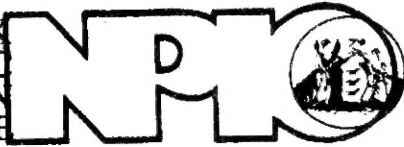


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Press Release:

TUESDAY, SEPTEMBER 5, 1995
FOR IMMEDIATE RELEASE
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CITY NATIONAL AND NEWARK TEAM TO PROMOTE HOMEOWNERSHIP

The City of Newark will team with City National Bank in a unique partnership to foster home ownership. Using the federal 203 (k) Rehabilitation Mortgage Insurance Program, qualified buyers will soon be able to purchase homes for as little as \$100 and receive loans to fix up their properties at interest rates .5 percent below the prevailing rate, Mayor Sharpe James announced today.

The only requirement, according to the Mayor is that the homeowner live in the property for a period of at least five years, be able to pay the mortgage on the rehabilitation loan and commence work on the property within 30 days after the loan is executed.

An ordinance amending Newark's existing urban homestead program and establishing the 203 (k) project is scheduled for second reading and final passage at the Municipal Council's Wednesday meeting.

Rosemary Hocking, Newark's development director, explained that the city will target 10-20 city-owned, single to three family buildings for the Urban Homestead Project.

Once the title search is completed, a U.S. Department of Housing and Urban Development (HUD) approved consultant will evaluate the work needed on the building and the cost estimated to accomplish it, Hocking explained. A HUD approved appraiser must then decide the structure's current worth, as well as endorse its estimated value once rehab work is completed. The after rehab value is determine before the work is started, based on an estimate of the work, she said.

If the appraiser finds that the proposed improvement work will exceed the building's value at completion, it will not be offered for sale, she said.

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The City's role is limited to the sale of the property, Hocking noted. "City National is the major player in this program. By participating in the HUD program, the bank is showing its commitment to the inner city and the James administration by helping us accomplish our goal of promoting affordable homeownership and renovating our neighborhoods."

Newark will provide \$35,000 from miscellaneous municipal revenue for the operation of the program. The City also will advertise the sale of the properties for a specific rehab amount, and the lender (City National) will pre-qualify eligible buyers who will be put into a lottery pool, she said.

Qualified buyers must meet certain credit and income standards to afford the monthly mortgage, she added, and the building purchased must become their primary residence. Hocking stated purchase prices may range from \$100 for those whose family income is below 80 percent of the median income for this region, to \$1,000 for families whose annual earnings are above the 80 percentile. The loans are insured by HUD's Federal Housing Administration (FHA).

"Providing residents with safe, decent and affordable housing has been a top priority of the James administration, and we have worked to encourage homeownership as a part of this process," said James. "City National is the largest minority bank in New Jersey and is recognized nationally for its commitment to the inner city. This loan program is a strong example of that dedication."

Julian Marsh, vice president and manager of the residential mortgage division at City National, said that \$1.5 million will be set aside for the loans. Average rehabilitation cost for a three family property would be between \$70-80,000, he noted.

HUD officials are very excited by the Newark program, according to the banker, and are looking at it as a "prototype" for urban homesteading in cities across America.

While in the past it has often taken as long as a year to go through the 203 (k) process, City National hopes to turn the loans around within 45 to 60 days, he added.

Marsh said the loan program was beefed up under the Clinton administration, because the president wanted to "revitalize the nation's cities and make the program more 'user friendly.'"

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"As a community bank here in Newark we too are interested in breathing new life into New Jersey's largest city, we see this program as an opportunity to stimulate that rebirth," he stated.